



International Trade Administration

Overview

Mission Statement

ITA's mission during the reporting period was to: Help U.S. companies sell products and services abroad in support of U.S. jobs at home.

Strategies and Activities

ITA faced significant external challenges during fiscal year 1999. Among these challenges was the impact of the fast-paced trend toward globalization. As the world becomes increasingly interconnected, ITA is forced to work harder to monitor, promote, and ensure equal access to international trade for U.S. businesses. Complicating this matter is the heated political environment stemming from the World Trade Organization negotiations in Seattle in December 1999. The argument around protectionism versus free trade continued to be a source of both domestic and international contention throughout the year.

Although the U.S. economy is strong, external forces have negatively affected some sectors. For example, exports of American manufactured goods have slowed markedly as a result of global economic problems, prompting layoffs by U.S. manufacturing firms, and the loss of 499,000 net jobs in the manufacturing sector since March 1998. In addition, imports challenged key sectors like steel have been adversely impacted.

In an increasingly global economy, the role of exports in sustaining a robust economic infrastructure continues to grow. Exports support over 11 million U.S. jobs, including one in five manufacturing jobs. In recent years, export-related jobs are paying wages fifteen percent higher than the average U.S. wage. The competitive nature of the global marketplace raises challenges for ITA in leveling the playing field for U.S. businesses abroad and helping to remove tariff and non-tariff barriers to trade. Toward this end, ITA continues to carry out the Secretary's Broadening Trade initiative by helping firms break into new and under served international markets, while expanding the export support of small- and medium-sized businesses.

Much of the success of the Broadening Trade initiative rests on the expansion of ITA's outreach efforts to small- and medium-sized enterprises (SMEs) to help them develop their export potential. The U.S. Export Assistance Centers (USEACs) perform the valuable service of educating and assisting SMEs and helping export-ready firms in need of technical assistance. Electronic commerce and the Internet are other vehicles to increase export opportunities for SMEs.

Implementing an aggressive trade compliance program to aid U.S. companies in achieving the full benefits of trade agreements is another key component of ITA's strategy. The Trade Compliance Center (TCC) monitors approximately 250 trade agreements and helps identify possible violations. By compiling data on access problems and outcomes, ITA can measure the dollar value of opening world markets to U.S. exports as a result of reducing or eliminating trade barriers. ITA

also helps ensure the competitiveness of domestic firms by vigorously enforcing U.S. trade laws and agreements regarding subsidies, unfair pricing, and other harmful foreign trade practices.

ITA provides American business, governmental units and the general public with statistical information necessary to improve their ability to export. ITA will also continue to improve sub-national export statistics. Together with Census, ITA develops additional detailed trade data at the State and local level and for the Services sector.

Also, ITA features an array of e-commerce products, including virtual trade shows, on-line company matching systems, and video conferencing of American companies and prospective foreign clients.

ITA Performance Goal 1: Enforce U.S. trade laws and agreements to promote free and fair trade

Rationale for Performance Goal:

This goal supports the *Broadening Trade* initiative as follows:

- ITA's Import Administration (IA) unit impartially enforces U.S. antidumping and countervailing duty (AD/CVD) laws to ensure that American businesses and workers face a level playing field in the domestic market vis-a-vis foreign competitors.
- IA's Subsidy Enforcement Office coordinates the Administration's subsidies enforcement efforts to ensure that U.S. exporters are not harmed by subsidized foreign competition.
- ITA's Market Access and Compliance (MAC) unit identifies existing and potential market access problems. MAC also initiates U.S. government action to overcome market access obstacles within different countries and regions.
- A key element in these efforts is ITA's Trade Compliance Center (TCC), which monitors foreign compliance with over 250 trade agreements the U.S. has in force.
- ITA's Trade Development (TD) unit monitors international trade agreements governing imports of essential items, such as rubber, coal, computers, supercomputers, autos and auto parts, textiles and a broad range of consumer goods. TD also articulates U.S. industries' needs and concerns to American negotiators of international trade agreements and provides support for negotiating strategies.

FY 1999 Performance

Measure 1.a:

Value of market openings

This measure reflects the dollar value of opening world markets to U.S. exports by reducing and eliminating barriers to trade. Companies experiencing difficulty in accessing a foreign market engage MAC's help to gain entry. The Trade Compliance Center (TCC) works in conjunction with MAC's regional units in solving compliance problems.

FY 1999 Target	\$0.8 billion
FY 1999 Actual	\$2.3 billion

Analysis	<p>Target exceeded. Estimates on future market openings are subject to a number of non-controllable factors such as global trade trends and abrupt changes in the political landscape. However, the original ITA estimates were far too low. In hindsight, ITA took a more pessimistic view on growth in market access openings after the Asian financial crisis and subsequent mini-financial crises around the world. Also, several market access successes had been worked on for several years and were brought to closure in 1999. A significant portion of the increased value of market openings comes from Asia, where the effects of the financial crisis have begun to wear off. The vastly improved economic climate combined with increased U.S. emphasis on opening trade in the region has helped propel several large scale market access successes as well as increased opportunities for small and medium-sized firms. Eastern Europe and the Newly Independent States have also reported unexpected growth in market access cases in the region. Given the inherent difficulty in predicting macroeconomic shifts, ITA does not expect that this level of market openings will necessarily continue at the same rate over the next few years.</p>
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Data Validation and Verification

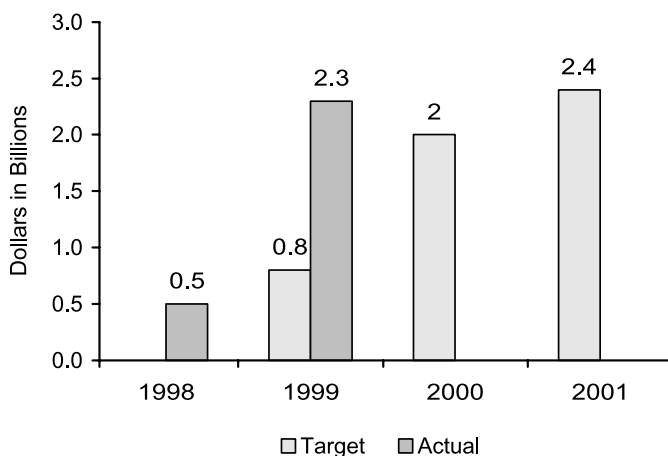
Data source: Companies benefiting from market access activities

Frequency: Annually, by fiscal year

Data storage: TCC will store and publish data.

Verification: Market access officers working on each case provide information from the company on the nature of the access problem, estimated project value, status reports on the case and outcome. The data is then compiled and added to a MAC-wide compliance database maintained by the TCC.

Dollar Value of Market Openings



FY 1999 Program Evaluation for ITA Performance Goal 1

No pertinent program evaluation studies were conducted in FY 1999 which supported the subject performance goal.

ITA Performance Goal 2: Increase the number of Small Business Exporters

Rationale for Performance Goal:

Although small- and medium-sized enterprises (SMEs) account for over 96 percent of all U.S. exporters, the dollar value of their exports account for less than one-third of total U.S. merchandise exports. SMEs represent a broad opportunity for increased export sales and export-related job creation.

This goal supports the *Broadening Trade* initiative as follows:

- The Trade Development (TD) unit organizes export finance workshops and trade missions targeted specifically to SMEs. TD's Trade Information Center (TIC) provides SMEs with country and export counseling, as well as information on regulatory requirements, trade events, government programs and sources of export financing. TD's Market Development Cooperator Program provides financial support for innovative marketing ventures undertaken by SME-focused nonprofit organizations. TD co-chairs the Federal government's Trade Advisory Committee which is dedicated to addressing the unique trade policy interests of SMEs.
- By targeting small manufacturers and minority-owned businesses, the United States and Foreign Commercial Service (US&FCS) will target areas within the U.S. business community where exporting has been traditionally less active. This strategy will enable US&FCS to demonstrate the benefits and accessibility of exporting to a wide audience and generate the largest increases in numbers of small business exporters.

FY 1999 Performance

Measure 2.a:

Number of New-to-Export Firms (NTEs)

Although US&FCS assists thousands of small businesses that are new to exporting each year, it is difficult to quantify our successes. US&FCS' collection of data to measure numbers of clients who successfully export for the first time as a result of US&FCS assistance is wholly dependent on a client's willingness to provide such information. Many clients elect not to provide information to US&FCS due to business proprietary concerns. Also, because actual exports occur subsequent to the delivery of US&FCS services (frequently 12 to 18 months later), it is difficult to match the short-term results of ITA activities (i.e., outputs) with longer-term gains by American companies (i.e., outcomes) in a 12-month period. Further, it is extremely difficult to track the actual dollar value of exports supported by US&FCS services because businesses are reluctant to reveal their business proprietary information to the Federal government or to have their success stories published for competitors to read.

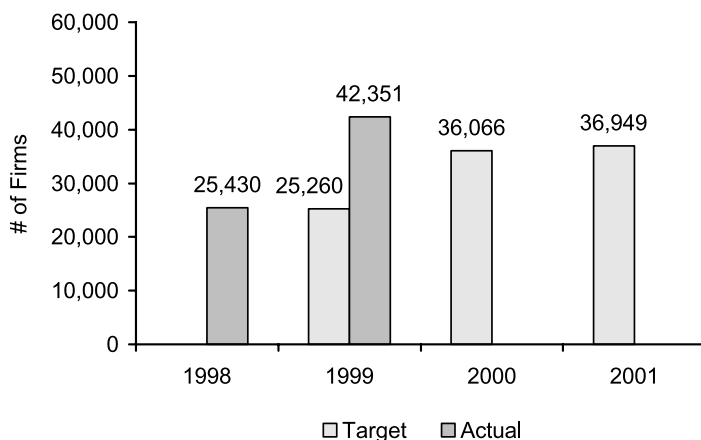
FY 1999 Target	25,260
FY 1999 Actual	42,351
Analysis	<p>Target exceeded. ITA defines "New-To-Export firms" as U.S. firms or organizations which made their first sales into a foreign market, with the assistance of ITA information, counseling and documented export assistance services. In addition, the firm must not have exported in the last 24 months, or prior exports must have resulted from unsolicited orders, or have been received through a U.S.-based intermediary.</p> <p>In FY 1999, ITA significantly underestimated the actual number of New-To-Export Firms. This was primarily due to the fact that we were far too pessimistic about the capacity of the Russian, Asian, and Latin American economies to rebound.</p> <p>ITA is refining the reporting methodology used for performance measures. As a part of this process, ITA instituted a management control review, which concentrates on collection, verification and validation processes. The FY 2000 target reflects more accurately our new estimates.</p>

Data Validation and Verification

Data source:	US&FCS' Client Management System (CMS) and the Office of Trade Events Management (OTEM). Also, TD's Office of Export Promotion Coordination.
Frequency:	Statistics collected and reported quarterly and annually.
Data storage:	US&FCS' custom-designed Client Management System software operating on a Lotus Notes platform and OTEM. Consolidated figures collected and stored by US&FCS Office of Planning.
Verification:	Client contacts and office activity are recorded and entered into CMS and OTEM upon occurrence. Each office compiles a quarterly Export Action Report, which details numbers of NTE and NTM export actions, client counseling sessions (both in-office visits and out of office visits), and other activities. Each office manager reviews, verifies, and signs the reports.

Because of the difficulty in reliably measuring outcome performance, US&FCS instead tracks numbers of firms new to the export market as circumstantial evidence of overall export growth and export-fueled job creation.

Number of New-to-Export Firms



FY 1999 Program Evaluation for ITA Performance Goal 2

A number of program evaluation studies were conducted which indirectly supported the subject performance goal. Specifically, Management and Program Reviews (MPRs) of day-to-day operations were completed. These covered systems, procedures, and practices at three of ITA's foreign posts – Malaysia, Nigeria, and the Dominican Republic. Findings were made in the areas of management training, market research, staff assignments, positions descriptions, status of prior year funds and citing best practices specific to each office.

**ITA Performance Goal 3:
Implement the President's National Export Strategy
in conjunction with the Trade Promotion Coordinating Committee
(TPCC)*****Rationale for Performance Goal:***

One of President Clinton's highest priorities has been to provide greater economic opportunities for all Americans. In pursuit of this goal, the Administration developed this country's first-ever National Export Strategy to ensure that U.S. workers and businesses are able to profit from export opportunities in markets throughout the world. The Trade Promotion Coordinating Committee (TPCC), comprised of 20 Federal agencies and chaired by the Secretary of Commerce, issues an annual report to Congress articulating our National Export Strategy. The Strategy focuses on streamlining and strengthening government promotion and finance programs, regional trade promotion strategies, responses to foreign competitive practices that threaten fair and competitive market access, and initiatives that give exporters access to the tools they need to compete in the global marketplace.

Our challenge is to continue our export expansion in the face of increasing global economic uncertainty. Financial turmoil, though subsiding, is still buffeting a number of economies around the world, including Russia, Asia and Latin America. President Clinton has underscored to Russian and Asian leaders that they must take tough steps to reform their economies and restore economic confidence.

TPCC agencies' export promotion program and activities counterbalance the increasing global economic uncertainty by including technical assistance (financial, legal, measurements and standards, and intellectual property rights) to support economic reforms in Asia and emerging economies, increasing trade finance resources for U.S. exporters, engaging China in high-level negotiations, and joining Africa in a real partnership that will benefit economies on both sides of the Atlantic.

FY 1999 Performance***Measure 3.a:******Number of New-to-Market Firms (NTMs)***

US&FCS' collection of data to measure its programs is wholly dependent on a client's willingness to provide such information. Also, because actual exports occur subsequent to the delivery of US&FCS services (frequently 12 to 18 months later), it is usually impossible to report on export actions supported by US&FCS counseling services during the same period in which the services were delivered. Further, it is extremely difficult to track the actual dollar value of exports supported by US&FCS services because businesses are reluctant to reveal their proprietary information to the Federal government as well as to have their success stories published for competitors to read.

Because of these difficulties in reliably measuring outcome performance, US&FCS instead tracks numbers of NTMs as circumstantial evidence of overall export growth and job creation.

FY 1999 Target	45,919
FY 1999 Actual	67,835
Analysis	<p>Target exceeded. In FY 1999, ITA significantly underestimated the actual number of New-To-Market Firms. This was primarily due to the unanticipated swiftness of the recovery of the economies of Asia and a number of developing countries.</p> <p>ITA is refining the reporting methodology used for performance measures. As a part of this process, ITA instituted a management control review, which concentrates on collection, verification and validation processes. The FY 2000 target figure reflects more accurately our new estimates.</p>

Data Validation and Verification

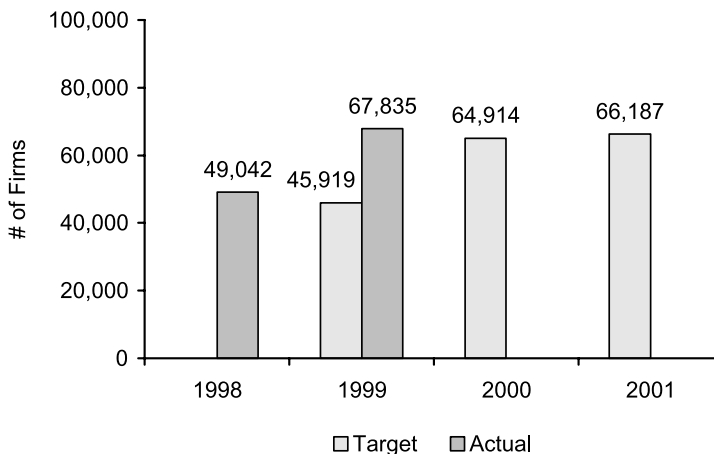
Data source: US&FCS' Client Management System (CMS) and the Office of Trade Event Management (OTEM).

Frequency: Statistics collected and reported quarterly and annually.

Data storage: US&FCS' custom-designed Client Management System software operating on a Lotus Notes platform and OTEM. Consolidated figures collected and stored by US&FCS' Office of Planning.

Verification: Client contacts and office activity are recorded and entered into CMS and OTEM upon occurrence. Each office compiles a quarterly Export Action Report, which details numbers of NTE and NTM export actions, client counseling sessions (both in-office visits and out-of-office visits), and other activities. Each office manager reviews, verifies, and signs the reports.

Number of New-to-Market Firms



Measure 3.b: **Number of counseling sessions**

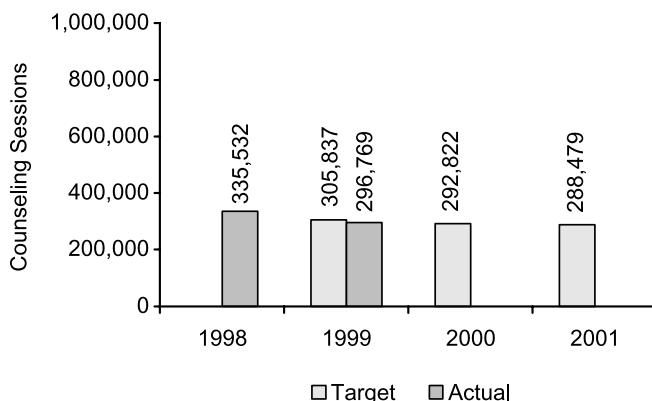
Of the five ITA performance measures in the FY 2000 Annual Performance Plan, four are outcome measures, and one is an output measure, i.e., "number of counseling sessions." ITA selected this output measure because of the substantial number of staff years it devotes to this activity; specifically, in FY 1999, ITA conducted 296,769 counseling sessions.

FY 1999 Target	305,837
FY 1999 Actual	296,769
Analysis	Target met (97%). ITA's performance under this essentially met target is attributed to a shift in workload by the Market Access and Compliance unit, to trade law agreements monitoring and enforcement and, to a degree, away from client counseling.

Data Validation and Verification

Data source: US&FCS' Client Management System (CMS)
Frequency: Statistics collected and reported quarterly and annually.
Data storage: US&FCS' custom-designed Client Management System software operating on a Lotus Notes platform and OTEM. Consolidated figures collected and stored by US&FCS' Office of Planning.
Verification: Client contacts and office activity are recorded and entered into CMS and OTEM upon occurrence. Each office compiles a quarterly Export Action Report, which details numbers of NTE and NTM export actions, client counseling sessions (both in-office visits and out of office visits), and other activities. Each office manager reviews, verifies, and signs the reports.

Number of counseling sessions



FY 1999 Program Evaluation for ITA Performance Goal 3

A number of program evaluation studies were conducted which indirectly supported the subject performance goal. Specifically, Management and Program Reviews (MPRs) of day-to-day operations were completed. These covered systems, procedures, and practices at three of ITA's domestic sites – Indianapolis, Portland (OR), and St. Louis. Findings were made in the areas of District Export Councils, partnership programs, performance measures, Commercial Service teams and citing best practices specific to each office.

ITA Performance Goal 4: Strengthen and institutionalize our trade promotion and advocacy efforts

Rationale for Performance Goal:

This goal supports the Broadening Trade initiative. In slightly less than six years, ITA's Advocacy Center has helped over 250 U.S. companies win foreign contracts worth potentially over \$60 billion in U.S. exports over the life of the contracts.

This goal also supports the Digital Department initiative through its efforts to use the technology of electronic commerce to help firms use the Internet both to receive ITA's services and to promote their own products abroad.

FY 1999 Performance

Measure 4.a:

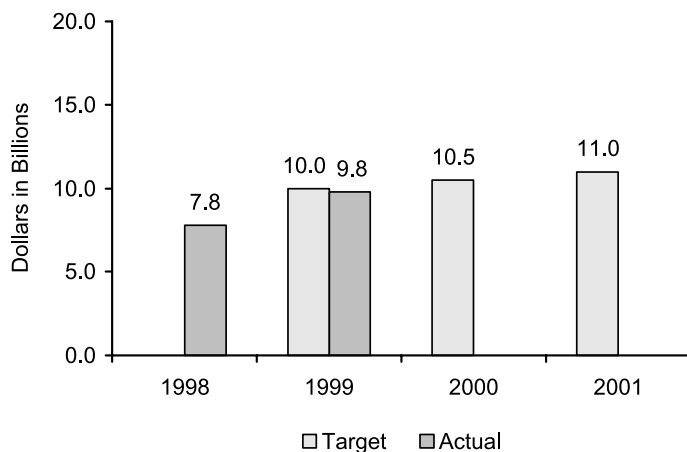
Dollar value of gross exports supported through advocacy efforts

In continuing efforts to improve the quality of the services provided by the Advocacy Center, Advocacy Center staff contacted 23 companies in late January 1999, with a request for feedback on claimed FY 1998 successes in 24 separate competitions in which the USG provided advocacy. The Advocacy Center asked a series of questions regarding the current status of each project, material changes with respect to total project value, U.S. export content, and satisfaction with Advocacy Center or U.S. Embassy/Consulate services.

FY 1999 Target	\$10.0 billion
FY 1999 Actual	\$9.8 billion
Analysis	Target met (98%). Performance being within 2 percent of target is deemed as essentially meeting the goal. A survey of U.S. companies is underway to confirm the FY 1999 successes of ITA advocacy efforts. Preliminary numbers indicate that ITA may have actually exceeded its original FY 1999 target by \$.2B, for a new total of \$10.2B. This measure – in terms of U.S. exports – was affected by the financial and economic uncertainties regarding Asia and developing countries, which were the locations of many of the global projects supported.

Data Validation and Verification

Data source:	Companies that benefited from USG advocacy.
Frequency:	Annually (fiscal year)
Data storage:	Advocacy Center will store and publish data.
Verification:	Advocacy Center conducts yearly surveys of companies on claimed successes in separate competitions in which the USG provided advocacy. The survey requests information on the current status of each project, material changes with respect to total project value, U.S. export content, and satisfaction with the Advocacy Center and/or U.S. Embassy/Consulate services provided.

Dollar value of gross exports supported**FY 1999 Program Evaluation for ITA Performance Goal 4**

The Advocacy Center conducts an annual survey of a sample of its customers to get feedback on the effectiveness of its services. The annual survey of FY 1999 was undertaken during January 2000, with the Advocacy Center contacting 18 companies regarding claimed "success" in 19 separate competitions in which the USG provided advocacy - (The 19 competitions were selected out of 78 successful projects for FY 1999). Survey responses will be tallied and analyzed during the second quarter of FY 2000.